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SUBJECT: RUSSIAN AMBASSADOR ON PUTIN-KARIMOV MEETING

REF: TASHKENT 114

Classified By: Poloff Tim Buckley for reasons 1.4 (B) and (D)

11. (C) Summary: On February 11 the Ambassador called on Russian Ambassador Farit Muhametshin to discuss President Karimov's February 5-6 trip to Moscow, including his meeting with Russian President Vladimir Putin. Muhametshin described the trip as "nothing extraordinary" and said all meetings and agreements were "absolutely open." In his meetings with Putin and other officials, Karimov discussed security, energy, trade, economic development, and even space cooperation.

12. (C) Muhametshin expressed Russia's support for the Afghan government of Hamid Karzai, noting a need "to fundamentally support the Afghan economy and government in the face of narco and terror threats." On Tajikistan, the Russian envoy noted Russia "completely agrees" with Uzbek calls for multilateral approval for major hydropower projects that affect downstream countries. He also lamented outlandish displays of wealth by the Tajik elite that draw attention to disparities. As with a recent meeting between emboffs and Chinese diplomats, the Russians were congenial and appreciated the Ambassador's effort to consult with them on Central Asia issues on which we have common ground. End summary.

"Nothing Extraordinary"

13. (C) On February 11 the Ambassador called on his Russian counterpart Muhametshin to get a report on Karimov's recent visit to Moscow. Muhametshin was joined by Counselor Vladimir Andriyanov and Second Secretary Kirill Belikov. Despite earlier indications that Putin might have been planning to visit Tashkent, Muhametshin confirmed that the planned venue for the recent meeting was always Moscow. The Russian envoy said the meeting was an "opportunity for both Presidents to examine the relationship" between the two countries and look for ways to build on their partnership.

¶4. (C) Muhametshin described the visit as "nothing extraordinary" and the documents that were signed as "quite typical." Muhametshin described the agreements as laying the groundwork for "how we intend to cooperate with each other," and emphasized they were all "absolutely open." He noted that the press conference at the conclusion of the visit was short, underscoring the routine nature of the visit. Muhametshin added that, in addition to Putin, Karimov met with officials at the Ministry of Foreign Affairs, where the two sides signed an agreement about "planned joint activity in the framework of international organizations," and at the Ministry of Defense. He made a point of noting that Foreign Minister Sergei Lavrov was in Armenia at the time and unavailable to meet with Karimov. However, Karimov did meet with Deputy Prime Minister Sergei Borisovich Ivanov, whom Muhametshin described as a driving force in "developing relationships between peoples."

"First Meeting in Third Term"

¶5. (C) Muhametshin noted that this meeting was the first meeting between the two leaders "since Karimov started his third term" after winning the election in December. (Comment: The Uzbeks glossed over the issue in the run-up to elections and cited technicalities to support Karimov's eligibility to be on the ballot; however the Government of Uzbekistan does not refer to a third term since the Uzbek Constitution stipulates a two-term limit. Muhametshin's word choice indicates the Russians are not concerned about justifying the constitutionality of Karimov's current mandate. End comment.)

Energy

¶6. (C) Muhametshin noted that Russia and Uzbekistan have "big energy projects connecting our countries," most notably ones involving Gazprom and Lukoil's interests. The two Presidents "further developed contacts along these lines," Muhametshin continued, "including the industrialization of gas assets." He said there were indeed negotiations on the price of gas between the countries, but he emphasized this was worked out before the New Year, and included discussions of what Uzbekistan's internal consumption requirements for gas were before deciding what quantity to sell. Muhametshin also reminded us that everyone pays the market rate for gas now, with no separate pricing for Commonwealth of Independent States (CIS) members.

¶7. (C) According to Muhametshin, Lukoil has a new agreement to extract gas from deposits in the Bukhara Region (also reported in the press on February 12), and Russian companies have invested USD 50 million in the Karakalpakstan Region of northwest Uzbekistan. In general, Muhametshin confirmed Russian companies are interested "in more new sources" of energy. He also mentioned ongoing Chinese and Malaysian involvement in Uzbekistan energy extraction.

¶8. (C) The topic of atomic energy also came up, and Muhametshin noted that the Russians and Uzbeks have a joint enterprise on the extraction of uranium in Uzbekistan. He also suggested that Uzbekistan could be invited to participate in more nuclear energy activities in Russia (within UN frameworks) because it has uranium resources and a capable nuclear center of its own. (Comment: The Government of Uzbekistan has already committed to U.S. joint venture Nukem and has relatively little room to cut additional deals. Muhametshin mentioned a figure of 2,000 tons of uranium extraction for a joint venture, which is the same quantity promised to the American joint venture. We have already heard reports Nukem is nervous about the Uzbeks coming through with the promised quantity, and it would be nothing new if the Uzbeks were also dealing with a Russian entity. End comment.)

Aircraft Production

¶9. (C) Muhametshin described Russia's strong interest in the Tapoich aircraft production factory in Uzbekistan. He said that while the IL-114 mid-range propeller-driven passenger plane is assembled in Uzbekistan, up to 80 percent of the component parts originate at factories within the Russian Federation. The Ambassador also noted a U.S. interest, as American firms also have been involved in supplying components to the Tapoich factory. This seemed to surprise Muhametshin, who acknowledged that the factory's success is "an area of mutual interest" for the U.S., Russia, and Uzbekistan. He predicted long-term success at the factory "due to modern technology at the plant," as well as attractive fuel-efficiency that should contribute to strong consumer demand for the IL-114 aircraft.

Economic Development

¶10. (C) One of the documents signed by Putin and Karimov pertains to economic development, which Muhametshin described as "a five-year plan of cooperation." The elements of the deal were worked out last year, and Muhametshin stressed that Russia "considers this a very important part of the bilateral relationship." He specifically mentioned automobiles, rail container cars, transportation equipment, and agricultural machinery (tractors and combines) as key items the countries expect to sell to each other. He added that "this type of state-level cooperation -- with concrete ideas -- will benefit the private sector companies" who wish to do business. Muhametshin also mentioned that Karimov and Putin reached an agreement about space cooperation, particularly pertaining to Uzbek interests in satellites.

¶11. (C) Muhametshin also said there were also conversations in Moscow with Karimov about the need to promote small and mid-sized businesses here instead of just focusing on big-ticket commodities like natural gas and cotton. Muhametshin noted that this would help generate jobs in small cities and rural areas throughout Uzbekistan that sorely need investment. He also made the point that the cumulative impact of successful small businesses could generate as much income as one of the staple commodities Uzbekistan relies on so much. (Note: Karimov delivered a major speech to his Council of Ministers shortly after his return from Russia focusing on economic reform, including the investment climate, with practically the entire newspaper devoted to it. We view this as a signal that Uzbekistan wants to encourage more investment. Interestingly, while the Ministry of Foreign Affairs was eager to find out about the U.S. and UK reaction, the Russians were not asked what they thought, indicating the speech was tailored for the West. End comment.)

On Afghanistan

¶12. (C) Muhametshin said that Afghanistan was discussed during the Putin-Karimov meeting last week, and cited the drugs and terrorism originating in Afghanistan as "an area of mutual concern and threat" for all affected countries (he specifically mentioned Pakistan as well). He added "from the Russian point of view there need to be optimal solutions. To a maximum extent, we need to help the economy and Government of Afghanistan in the fight against narco-aggression." This reflects a policy distinction between Russia and Uzbekistan, as Karimov favors removal of President Karzai and has bluntly expressed this to recent visitors such as CENTCOM Commander Admiral William Fallon (reftel). Muhametshin acknowledged that, "slowly" (but surely), Afghanistan is developing and that Russia is definitely interested in Afghanistan's progress.

On Tajikistan

¶13. (C) Muhametshin emphatically confirmed that Uzbek

officials worry a lot about the balance between hydropower generation in Tajikistan and the impact on Uzbekistan, particularly concerning agricultural output. "And they worry for good reason," he explained, as river levels are already demonstrably lower in summer and agricultural output has already been affected. He described this as "a real concern," and noted the main Uzbek goal is to ensure that "all future projects should be done according to international expertise and not just unilateral Tajik actions." Muhametshin also mentioned concern that Russian companies cannot participate in Tajikistan's projects after a decision by the Government of Tajikistan last year. Russia "completely agrees with the Uzbeks" on this issue, according to Muhametshin, and said tradeoffs in energy and agricultural output must be balanced per the "agreement of all affected parties."

¶14. (C) Muhametshin also lamented that President Rakhmon and his cronies are making outlandish displays of their wealth which draw attention to the disparities between members of the ruling elite and impoverished masses. The Russian envoy said this was especially troubling given the harsh winter that is causing hardship for ordinary Tajiks. In addition to expensive palace-like homes, Muhametshin noted that one of President Rakhmon's brothers spent one hundred thousand dollars on a Rolls-Royce used just for inauguration day, which he said "is not good" and "is too different from real life there." Nonetheless, Muhametshin noted Russia is mobilizing relief for Tajiks afflicted by the severe winter weather.

¶15. (C) Russia also remains concerned about the security situation in the country, and Muhametshin mentioned the Tajik Colonel who was recently killed by separatist groups in the mountainous south-central region of Garm. He said this is similar to incidents years ago when the security situation was worse, and so creates "worries for us and you."

Comment

¶16. (C) One foreign ambassador has asked the pertinent question: why did Karimov visit Moscow so close to the end of Putin's term? We're not sure, but the answer may lie in Karimov's perpetual quest to finely calibrate the balance between Russian, Chinese, and Western influence in Central Asia. Having welcomed CENTCOM Commander Admiral Fallon to Tashkent on January 24, and knowing the visit would fuel -- as it has -- speculation about the return of U.S. bases to Uzbekistan, Karimov may have wanted to signal to all concerned that any rapprochement with the U.S. will not be at the expense of continued close relations with Russia. Karimov has had a good relationship with Putin; his ties to Medvedyev appear more tenuous (Muhametshin says the two did not meet on this visit) and Karimov may have decided to try to lock in his gains with Russia while he can. As one diplomat here joked recently, there is probably more talk about Uzbek "regime change" in Moscow than there is in the West.

NORLAND